THIRD QUARTER 2021 EARNINGS CONFERENCE CALL

OCTOBER 28, 2021

ITW

FORWARD-LOOKING STATEMENT

SAFE HARBOR STATEMENT

This presentation and related conference call contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements may include, without limitation, statements regarding the duration and potential effects of the COVID-19 pandemic and global supply chain challenges, related government actions and the Company's strategy in response thereto on the Company's business, expected impact of tariffs and raw material inflation, product line simplification activities and enterprise initiatives, future financial and operating performance, free cash flow and free cash flow conversion rate, organic and total revenue, operating margin, price/cost impact, statements regarding diluted income per share, restructuring expenses and related benefits, expected dividend payments, expected repatriation, after-tax return on invested capital, effective tax rates, exchange rates, expected access to liquidity sources, expected capital allocation, expected timing and amount of share repurchases, end market economic and regulatory conditions, potential acquisitions and dispositions and related impact on financial results, including statements with respect to the anticipated acquisition of the MTS Test & Simulation business, and the Company's 2021 guidance. These statements are subject to certain risks, uncertainties, assumptions, and other factors, which could cause actual results to differ materially from those anticipated. Important risks that could cause actual results to differ materially from the Company's expectations include those that are detailed in ITW's Form 10-K for 2020.

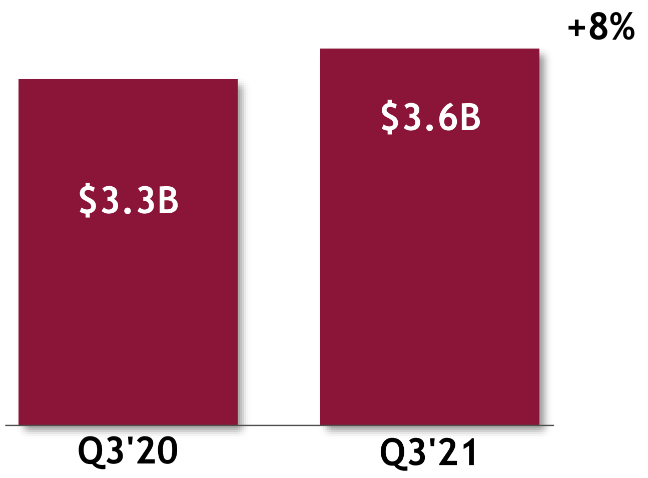
NON-GAAP MEASURES

The Company uses certain non-GAAP measures in discussing the Company's performance. The reconciliation of those measures to the most directly comparable GAAP measures is detailed in ITW's press release for the third quarter of 2021, which is available at www.itw.com, together with this presentation. The estimated guidance of free cash flow conversion rate is based on assumptions that are difficult to predict, and estimated guidance for the most directly comparable GAAP measure and a reconciliation of the estimated free cash flow to the most directly comparable GAAP measure has been omitted due to the unreasonable efforts required in connection with such a reconciliation and the lack of availability of reliable forward-looking cash flow and operating information.

Q3'21 FINANCIAL PERFORMANCE

GAAP EPS	$1.83	$2.02	+10%

REVENUE



OPERATING MARGIN	23.8%	23.8%
AFTER-TAX ROIC*	29.6%	28.5%

COMMENTARY

- **Strong growth momentum in six of seven segments**
  - Organic growth of 6%
  - Automotive OEM segment impacted by supply chain related production cuts
- **Excellent execution in a very challenging supply and cost environment**
  - Ability to maintain world-class service levels for our customers, driving incremental share gains
  - Enterprise initiatives contribution of 100 bps
  - Price/cost EPS neutral

EXCELLENT EXECUTION AND STRONG FINANCIAL PERFORMANCE

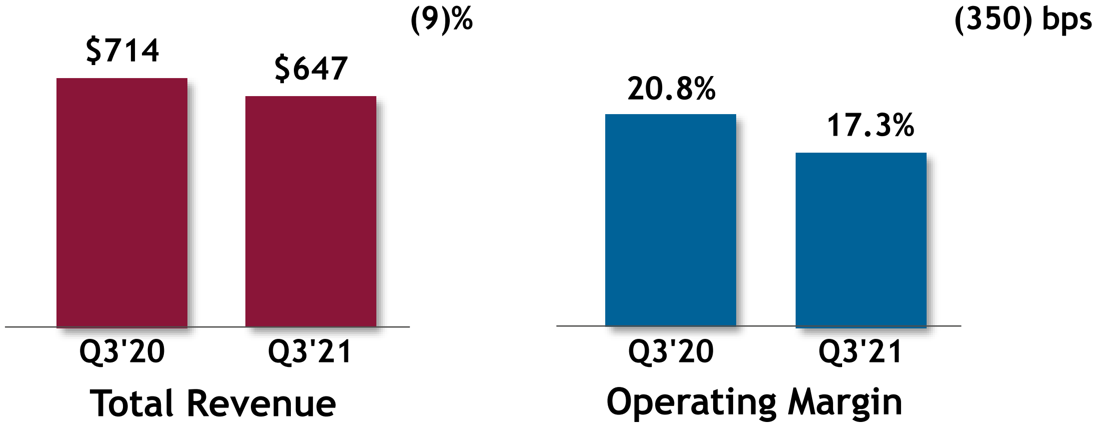
ITW

* See ITW's third quarter 2021 press release for the reconciliation from GAAP to non-GAAP measures.

Q3'21 SEGMENT PERFORMANCE

	Total ITW	ITW ex. Auto OEM
Total Revenue	+8%	+12%
Organic Growth	+6%	+11%
Operating Income	+7%	+14%
Operating Margin	23.8%	25.2%
Operating Margin Change	flat	+50 bps
Incremental Margin	22%	
Incremental Margin excl. Price/Cost	52%	

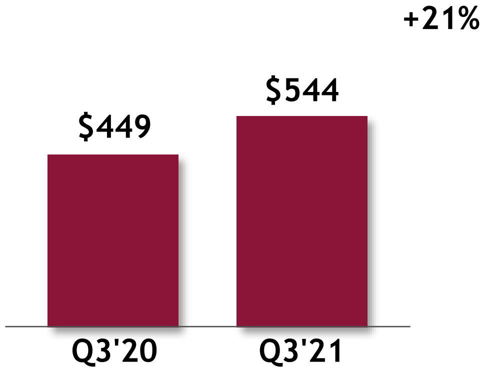
AUTOMOTIVE OEM



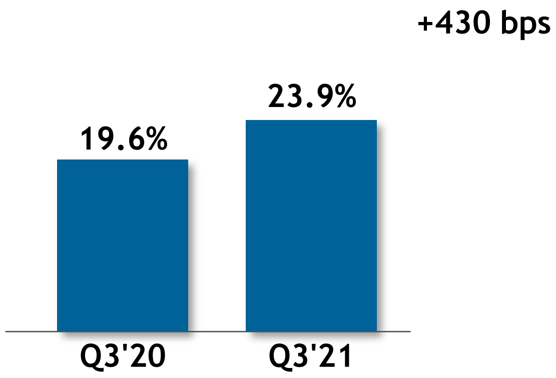
- Organic revenue (11)%
- North America (12)%
- Europe (18)%
- China 2%

Q3'21 SEGMENT PERFORMANCE

FOOD EQUIPMENT



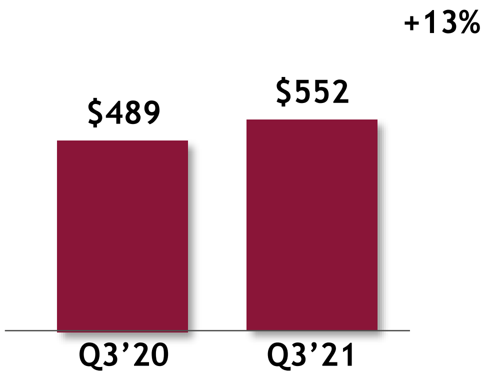
Total Revenue



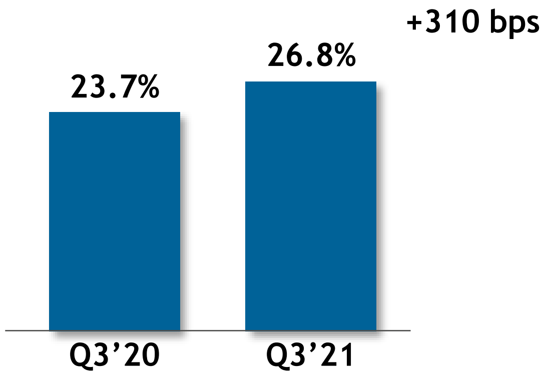
Operating Margin

- Organic revenue 19%
- Equipment 23%, Service 12%
- North America 18%
- International 20%

TEST & MEASUREMENT/ELECTRONICS



Total Revenue

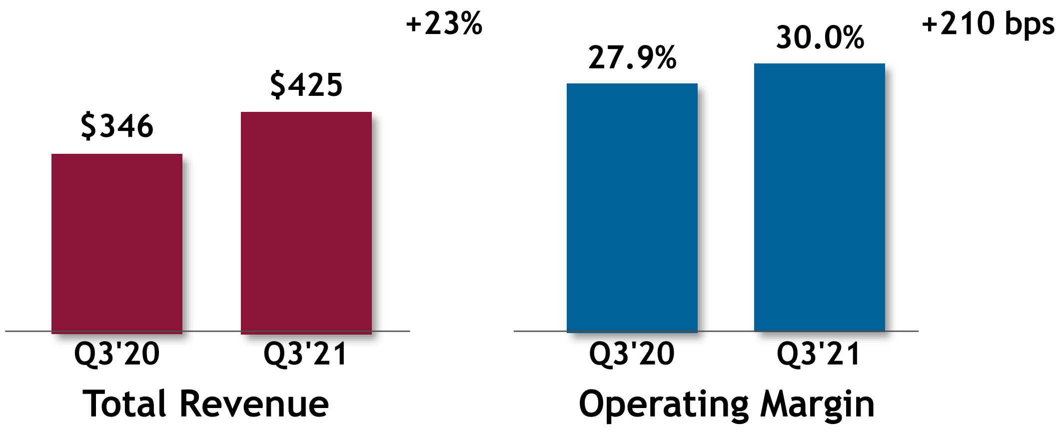


Operating Margin

- Organic revenue 12%
- Test & Measurement 15%
- Electronics 8%

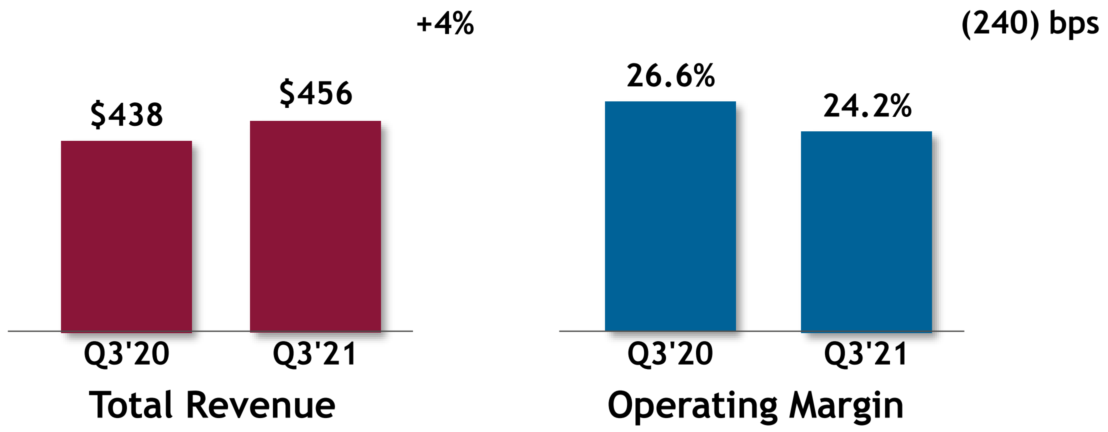
Q3'21 SEGMENT PERFORMANCE

WELDING



- Organic revenue 22%
- Equipment 25%, Consumables 18%
- North America 24%
- International 12%

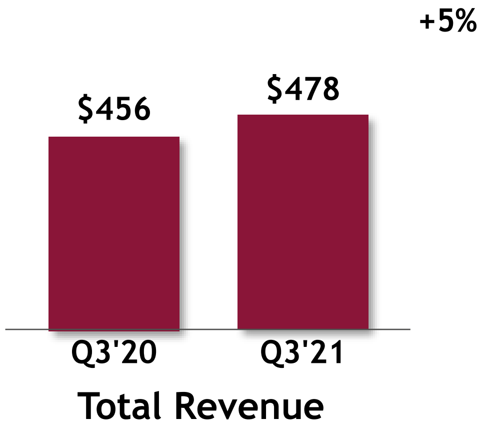
POLYMERS & FLUIDS

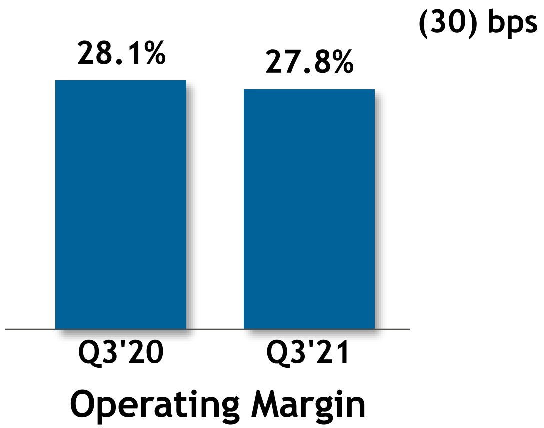


- Organic revenue 3%
- Automotive Aftermarket 4%
- Polymers 8%
- Fluids (5)%

Q3'21 SEGMENT PERFORMANCE

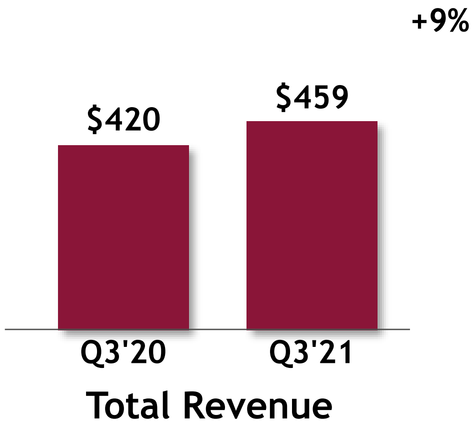
CONSTRUCTION PRODUCTS

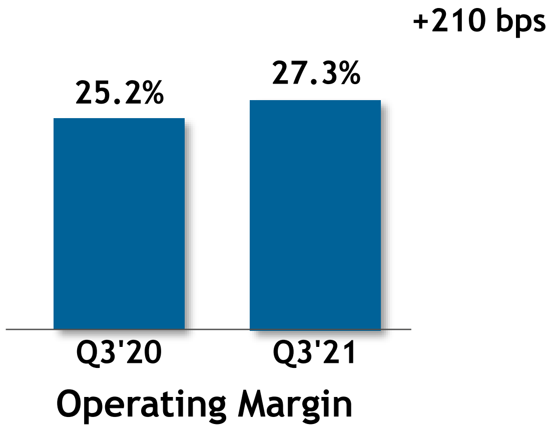




- Organic revenue 3%
- North America 2%
- Europe 8%
- Australia/New Zealand 2%

SPECIALTY PRODUCTS





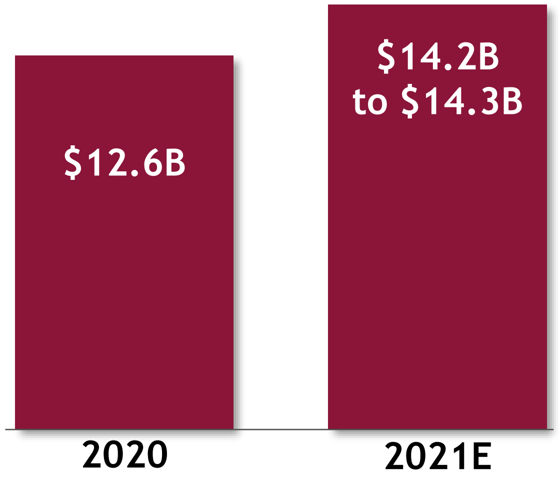
- Organic revenue 8%
- North America 15%
- International (4)%

2021 ITW FINANCIAL GUIDANCE

Excludes previously announced acquisition of MTS Test & Simulation business

GAAP EPS	$6.63	$8.30 to $8.50	+25-28%

REVENUE



+13-14%

OPERATING MARGIN	22.9%	23.5% to 24.5%
FREE CASH FLOW* CONVERSION RATE	122%	~90%

COMMENTARY

- **Expect 2021 organic growth of 11 to 12%**
  - Foreign currency translation favorability of 2%
- **GAAP EPS guidance updated due to lower automotive production in Q3 and Q4 vs. previous guidance**
  - Expect 2021 GAAP EPS growth of 25 to 28%
- **Continued strong execution and resilient margin performance in a challenging supply/cost environment**
  - Maintaining world-class service levels for our customers
  - 2021 operating margin expansion of ~100 bps
- **Announced 7% dividend increase on August 6, 2021**
- **Share repurchases of ~$1 billion**
- **Expect MTS acquisition to close in Q4’21**

STRONG EXECUTION AND FINANCIAL PERFORMANCE

* See ITW’s third quarter 2021 press release for the reconciliation from GAAP to non-GAAP measures.

Q&A